

SIX COUNTY ASSOCIATION OF GOVERNMENTS
FINANCIAL STATEMENTS
JUNE 30, 2005

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
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JUNE 30, 2005**

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INDEPENDENT AUDITOR'S REPORT

Executive Committee
Six County Association of Governments
Richfield, Utah 84701

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Six County Association of Governments as of and for the year ended June 30, 2005, which collectively comprise the Association's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

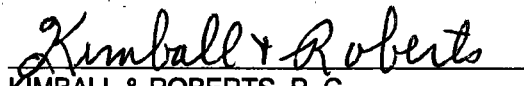
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Six County Association of Governments as of June 30, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2005, on our consideration of Six County Association of Governments' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 6 through 13 and 33 through 34 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Executive Committee
Six County Association of Governments

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Six County Association of Governments' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements of Six County Association of Governments. The combining statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 21, 2005
Richfield, Utah

SIX COUNTY ASSOCIATION OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

This discussion of the Six County Association of Governments (SCAOG) financial performance provides an overview of the SCAOG's financial activities for the year ending June 30, 2005. This report is in conjunction with the SCAOG's financial statements. The SCAOG's purpose is to provide services to the residents of the Six County area. These services include Administration, Aging, Economic Development, Community Assistance, and Housing and Weatherization.

Financial Highlights

- * The assets of the SCAOG exceeded its liabilities as of the close of the most recent year by \$1,720,794 (net assets). Of this amount, \$501,249 (unrestricted net assets) may be used to meet the government's ongoing obligations to employees and creditors.
- * The government's total net assets decreased by \$32,351. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- * At the close of the current year, the SCAOG's governmental funds reported ending fund balances of \$1,718,258 a decrease of \$18,993 in comparison with the prior year. Approximately 34 percent of this total amount, \$578,686, is available for spending at the SCAOG's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$578,686, or 14 percent of total general fund expenditures.
- * The SCAOG's compensated absences increased by \$3,804 during the current year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the SCAOG's basic financial statements. The SCAOG's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the SCAOG's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the SCAOG's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the SCAOG is improving or deteriorating.

The *statement of activities* presents information showing how the SCAOG's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., revenues and earned but unused vacation leave).

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Both of the government-wide financial statements include functions of the SCAOG that are principally supported by fees and intergovernmental revenues (governmental activities). These activities include Administration, Aging, Economic Development, Community Services, and Housing and Weatherization.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The SCAOG, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the SCAOG are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The SCAOG maintains two governmental funds, General and Revolving Loan.

The SCAOG adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided to demonstrate legal compliance with the adopted budget for the general fund.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the SCAOG.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the SCAOG, assets exceeded liabilities by \$1,720,794 at the close of the most recent fiscal year.

One portion of the SCAOG's net assets (6 percent) reflects its investment in capital assets (e.g. equipment and vehicles) less any related debt required to purchase those assets that is still outstanding. The SCAOG uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the SCAOG's investment in its capital assets would be reported net of related debt, if any, and it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate any related debt. The SCAOG has determined that all asset purchases in excess of \$5,000 will be capitalized.

Six County Association of Government's Net Assets

	<u>Governmental Activities</u>		
	<u>2005</u>	<u>2004</u>	<u>Change</u>
Current and Other Assets	1,383,617	2,155,673	(772,056)
Capital Assets	<u>79,973</u>	<u>97,135</u>	<u>(17,162)</u>
Total Assets	<u>1,463,590</u>	<u>2,252,808</u>	<u>(789,218)</u>
Long-Term Liabilities	77,437	81,241	(3,804)
Other Liabilities	<u>626,261</u>	<u>418,422</u>	<u>207,839</u>
Total Liabilities	<u>703,698</u>	<u>499,663</u>	<u>204,035</u>
Net Assets:			
Invested in Capital Assets			
Net of Related Debt	79,973	97,135	(17,162)
Restricted	1,139,572	1,113,760	25,812
Unrestricted	<u>501,249</u>	<u>542,250</u>	<u>(41,001)</u>
Total Net Assets	<u>1,720,794</u>	<u>1,753,145</u>	<u>(32,351)</u>

A portion of the SCAOG's net assets (66 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$501,249, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the SCAOG is able to report positive balances in all three categories of net assets for the government as a whole.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Governmental Activities

Governmental activities decreased the SCAOG's net assets by \$32,351. Key elements of the changes are shown below.

Six County Association of Governments Changes in Net Assets

	<u>Governmental Activities</u>		
	<u>2005</u>	<u>2004</u>	<u>Change</u>
Revenues:			
Program Revenues:			
Charges for Services	677,433	572,737	104,696
Operating Grants	3,406,392	3,394,485	11,907
Capital Grants	-	-	-
General Revenues:			
Unrestricted Investment Earnings	63,303	54,957	8,346
Total Revenues	<u>4,147,128</u>	<u>4,022,179</u>	<u>124,949</u>
Expenses:			
General Government:			
Administration	476,029	388,971	87,058
Aging	1,560,457	1,478,855	81,602
Economic Development	911,697	1,061,000	(149,303)
Community Assistance	442,160	406,216	35,944
Housing & Weatherization	718,186	629,581	88,605
Revolving Loan Fund	70,950	63,644	7,306
Total Expenses	<u>4,179,479</u>	<u>4,028,267</u>	<u>151,212</u>
Decrease in Net Assets	(32,351)	(6,088)	(26,263)
Net Assets - Beginning	<u>1,753,145</u>	<u>1,759,233</u>	<u>(6,088)</u>
Net Assets - Ending	<u><u>1,720,794</u></u>	<u><u>1,753,145</u></u>	<u><u>(32,351)</u></u>

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

As noted earlier, the SCAOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Governmental Funds

The focus of the SCAOG's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the SCAOG's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the SCAOG's governmental funds reported ending fund balances of \$1,718,258 an decrease of \$18,993 in comparison with the prior year. Approximately 34 percent of this amount, \$578,686 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to the Revolving Loan Fund.

The general fund is the chief operating fund of the SCAOG. At the end of the current year, unreserved fund balance of the general fund was \$578,686, and total fund balance was \$578,686. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16 percent of total general fund expenditures, while total fund balance represents 14 percent of that same amount.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of \$258,727 can be briefly summarized as follows:

- | | |
|---|--|
| * \$22,977 increase in salaries and wages | * \$219,430 increase in contractual |
| * \$22,230 increase in fringe benefits | * \$ 83,170 decrease in other |
| * \$12,729 increase in travel | * \$ 44,696 increase in pass-thru monies to counties |
| * \$24,676 decrease in supplies | * \$ 44,863 increase in volunteer and other services |

Of the total general fund expenditures, none was funded out of prior year's unreserved fund balance.

Capital Asset and Debt Administration

Capital Assets

The SCAOG's investment in capital assets for its governmental activities as of June 30, 2005, was \$79,973 (net of accumulated depreciation). This investment in capital assets includes equipment and vehicles. There was no long-term debt related to capital assets at year end.

	<u>2005</u>
Equipment	17,271
Vehicles	<u>62,702</u>
Total (Net of Depreciation)	<u><u>79,973</u></u>

Additional information on the SCAOG's capital assets can be found in the notes to the financial statements.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Long -Term Debt

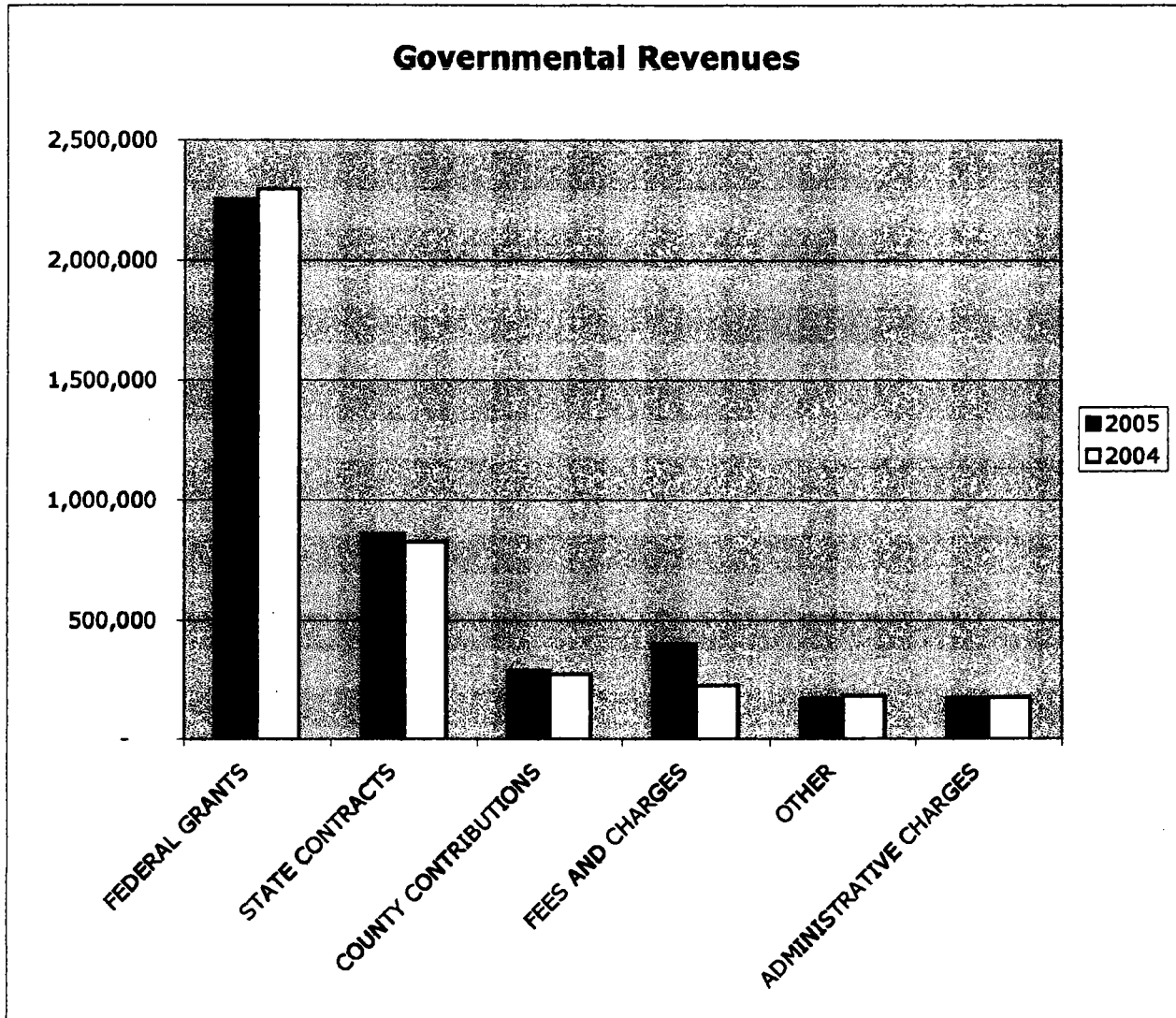
At the end of the current year, the SCAOG had no long-term debt.

Request for Information

This financial report is designed to provide a general overview of the SCAOG's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Six County Association of Governments, P.O. Box 820, Richfield, Utah 84701.

SIX COUNTY ASSOCIATION OF GOVERNMENTS
Governmental Revenues
For The Fiscal Years Ending June 30, 2005 and 2004

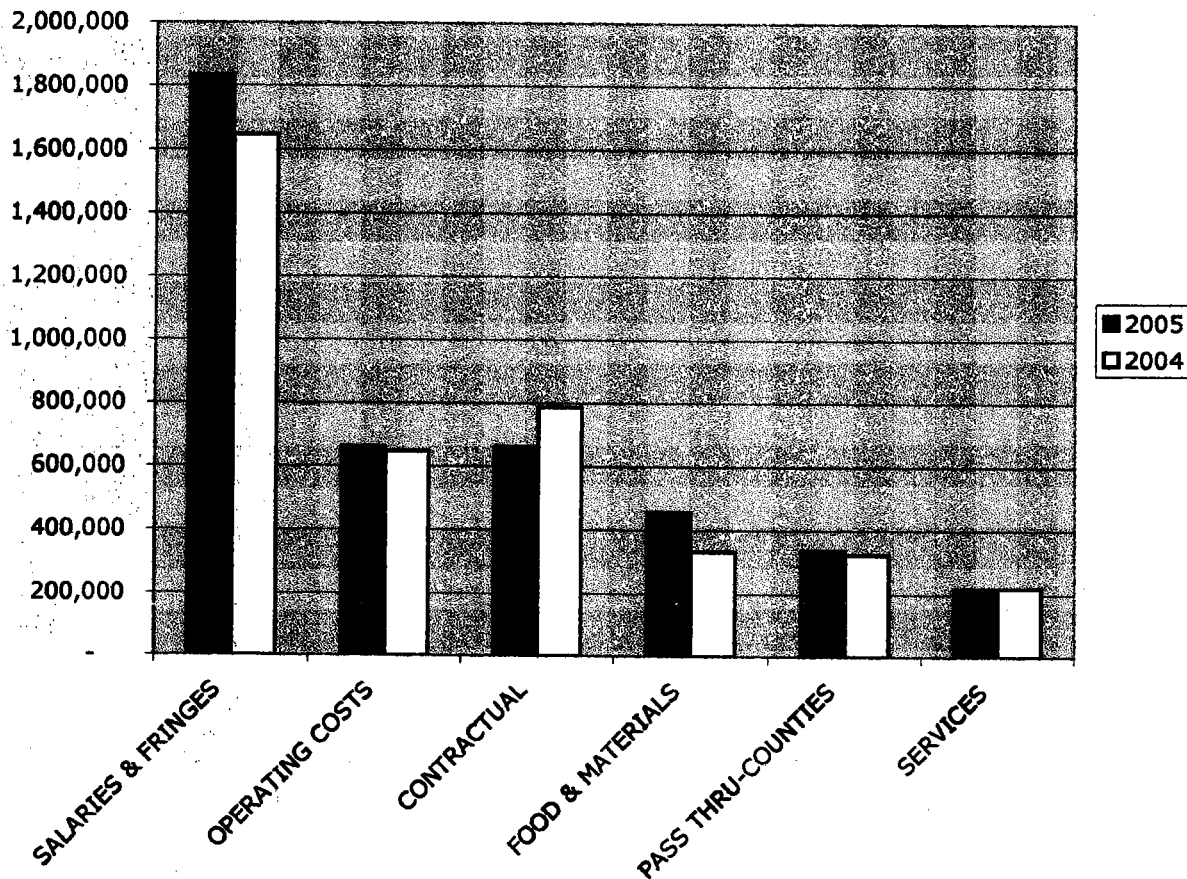
	2005	2004
FEDERAL GRANTS	2,253,852	2,294,359
STATE CONTRACTS	861,786	825,949
COUNTY CONTRIBUTIONS	290,754	274,177
FEES AND CHARGES	400,535	225,092
OTHER	168,512	179,820
ADMINISTRATIVE CHARGES	171,689	174,270
Total Revenues	4,147,128	3,973,667



SIX COUNTY ASSOCIATION OF GOVERNMENTS
Governmental Expenditures
For The Fiscal Years Ending June 30, 2005 and 2004

	2005	2004
SALARIES & FRINGES	1,833,030	1,645,829
OPERATING COSTS	665,202	646,910
CONTRACTUAL	664,455	786,035
FOOD & MATERIALS	458,583	332,541
PASS THRU-COUNTIES	338,828	324,133
SERVICES	219,381	219,643
Total Expenditures	4,179,479	3,955,091

Governmental Expenditures



BASIC FINANCIAL STATEMENTS

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF NET ASSETS**

June 30, 2005

	<u>Primary Government Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	593,672
Due From Other Government Units	611,275
Notes Receivable	<u>178,670</u>
Total Current Assets	<u>1,383,617</u>
Noncurrent Assets:	
Restricted Cash and Cash Equivalents:	
Revolving Loan Funds	97,069
Notes Receivable	863,833
Capital Assets (Net of Accumulated Depreciation):	
Equipment	17,271
Vehicles	<u>62,702</u>
Total Noncurrent Assets	<u>1,040,875</u>
TOTAL ASSETS	<u><u>2,424,492</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>626,261</u>
Noncurrent Liabilities:	
Compensated Absences	<u>77,437</u>
TOTAL LIABILITIES	<u>703,698</u>
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	79,973
Restricted For:	
Revolving Loan Fund	1,139,572
Compensated Absences	69,034
Unrestricted	<u>432,215</u>
TOTAL NET ASSETS	<u>1,720,794</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>2,424,492</u></u>

The notes to the financial statements are an integral part of this statement.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2005

Function/Programs Primary Government: Governmental Activities:	Program Revenues			Net (Expense) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Total
General Government	<u>4,179,479</u>	<u>677,433</u>	<u>3,406,392</u>	<u>(95,654)</u>	<u>(95,654)</u>
Total Governmental Activities	<u><u>4,179,479</u></u>	<u><u>677,433</u></u>	<u><u>3,406,392</u></u>	<u><u>(95,654)</u></u>	<u><u>(95,654)</u></u>
General Revenues:					
Unrestricted Investment Earnings				<u>63,303</u>	<u>63,303</u>
Total General Revenues and Transfers				<u>63,303</u>	<u>63,303</u>
Change in Net Assets				<u>(32,351)</u>	<u>(32,351)</u>
Net Assets - Beginning				<u>1,753,145</u>	<u>1,753,145</u>
Net Assets - Ending				<u><u>1,720,794</u></u>	<u><u>1,720,794</u></u>

The notes to the financial statements are an integral part of this statement.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2005

	General Fund	Revolving Loan Trust Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	593,672	97,069	690,741
Accounts Receivable (Net)	611,275	-	611,275
Notes Receivable	-	1,042,503	1,042,503
TOTAL ASSETS	<u>1,204,947</u>	<u>1,139,572</u>	<u>2,344,519</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	626,261	-	626,261
Total Liabilities	<u>626,261</u>	<u>-</u>	<u>626,261</u>
Fund Balances:			
Reserved For:			
Revolving Loan Fund	-	1,139,572	1,139,572
Designated For:			
Compensated Absences	69,034	-	69,034
Unreserved, Undesignated	509,652	-	509,652
Total Fund Balance	<u>578,686</u>	<u>1,139,572</u>	<u>1,718,258</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>1,204,947</u>	<u>1,139,572</u>	<u>2,344,519</u>

The notes to the financial statements are an integral part of this statement.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

June 30, 2005

Total Fund Balances - Governmental Fund Types	1,718,258
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Equipment	17,271	
Vehicles	<u>62,702</u>	
 Total		 79,973

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences	<u>(77,437)</u>
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Net Assets of Government Activities	<u><u>1,720,794</u></u>
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SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2005

	General Fund	Revolving Loan Trust Fund	Total Governmental Funds
Revenues:			
Federal Grants	2,253,852	-	2,253,852
Contracts With State Agencies	821,786	40,000	861,786
Counties Contributions	290,754	-	290,754
Contractual	106,472	-	106,472
Fees and Charges	294,063	-	294,063
Interest	11,866	51,437	63,303
Other	99,884	5,325	105,209
Administrative Charges	171,689	-	171,689
Total Revenues	<u>4,050,366</u>	<u>96,762</u>	<u>4,147,128</u>
Expenditures:			
Salaries and Wages	1,217,819	33,010	1,250,829
Fringe Benefits	564,139	18,062	582,201
Travel	171,428	4,475	175,903
Supplies	73,669	1,497	75,166
Rent	24,424	401	24,825
Utilities	21,943	404	22,347
Equipment	24,372	-	24,372
Contractual	664,455	-	664,455
Insurance	34,885	225	35,110
Other	183,967	1,816	185,783
Bad Debt Write-off	-	9,466	9,466
Administrative Charges	97,278	1,594	98,872
Food and Other	273,054	-	273,054
Materials and Supplies	185,529	-	185,529
Pass-Thru Monies to Counties	338,828	-	338,828
Volunteer and Other Services	219,381	-	219,381
Total Expenditures	<u>4,095,171</u>	<u>70,950</u>	<u>4,166,121</u>
Net Change In Fund Balance	(44,805)	25,812	(18,993)
Fund Balance - Beginning	<u>623,491</u>	<u>1,113,760</u>	<u>1,737,251</u>
Fund Balance - Ending	<u>578,686</u>	<u>1,139,572</u>	<u>1,718,258</u>

The notes to the financial statements are an integral part of this statement.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	(18,993)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	18,981	
Depreciation Expense	<u>(36,143)</u>	
 Total		 (17,162)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Compensated Absences	<u>3,804</u>
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Changes In Net Assets of Governmental Activities	<u><u>(32,351)</u></u>
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**SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Six County Association of Governments:

The Association is organized under the laws of the State of Utah. The confines of the Six County Association of Governments includes Millard, Juab, Sanpete, Sevier, Wayne and Piute Counties, commonly referred to as the Six County area.

The governing board consists of one commissioner and one mayor from each County. The executive committee consists of the chairman, the vice chairman and the immediate past chairman. The governing board is appointed to oversee various programs or areas of concern and conduct the routine business of the organization through the Executive Director and the department directors. They act as the organizational agent for the signing of contracts, checks and other required documents.

The accompanying basic financial statements present the financial position of the General Fund and the results of operations of the General Fund. The basic financial statements are presented for the fiscal year ended June 30, 2005.

The following is a summary of the more significant policies:

A. Reporting Entity:

For financial reporting purposes the Six County Association of Governments, incorporated in the State of Utah, has included all funds and account groups. The Six County Association of Governments has no component units or related organizations. As required by generally accepted accounting principles, these financial statements present the Six County Association of Governments, the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Six County Association of Governments considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

State revenues, federal revenues, local revenues and interest on investments associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets:

Capital assets, which include equipment and vehicles are reported in the applicable governmental type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Vehicles and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Equipment	7 - 15 Years
Vehicles	5 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

Compensated Absences:

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when earned in the government-wide financial statements.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pass-Through Funds:

The Association functions as a pass-thru agency for various programs. The pass-thru monies are recorded as revenues when they are received or due the organization and recorded as expenditures when sent or obligated to the sub-grantee or sub-contractor.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Budgets

The Six County Association of Governments' fiscal year ends as of June 30th each year. However, the various departments of the organization budget their expenditures by contract. Several contracts are based on a fiscal year ending other than June 30th. Therefore, budget to actual comparisons for various departments do not necessarily represent budget periods which coincide with the Association's overall fiscal year end of June 30th.

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2005 consist of the following:

	<u>Fair Value</u>
Demand Deposits - Checking	435,151
Investment - PTIF	<u>255,590</u>
Total Cash and Investments	<u><u>690,741</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	593,672
Governmental - Restricted	<u>97,069</u>
Total Cash and Cash Equivalents	<u><u>690,741</u></u>

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Association funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposit and Investment Risk:

The Association maintains no investment policy containing any specific provisions intended to limit the Association's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The Association's compliance with the provisions of UMMA addressed each of these risks.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investment of the Association are available immediately.

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the Association's demand deposits are covered by FDIC insurance.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable of \$611,275 consists mainly of monies due from grants and contracts with federal, state and local government agencies and certain fees collected by mental health centers and remitted to the Association in July. Receivables from other sources are not shown as revenues due to the uncertainty of collections.

NOTE 4 - REVOLVING LOAN FUND

The Six County Economic Development District was awarded a grant in the amount of \$500,000 from the Economic Development Administration for the purpose of establishing a Revolving Loan Trust Fund. The Federal money was matched by a Community Development Block Grant of \$261,220 making a total of \$761,220 available to the Revolving Loan Trust Fund. The fund also received an additional \$45,000 from Farmers Home Administration which was subsequently loaned out. These grant monies have been disbursed throughout the Six County region as qualified businesses have been approved to receive these loans.

The purpose of the fund is to help provide financing for new or expanding businesses in the Six County area who meet certain qualifications.

As of June 30, 2005, a total of \$3,091,442 had been disbursed to qualifying businesses since the inception of the program. The loan balance at June 30, 2005, was \$1,042,503 and these businesses are now making principal and interest payments to the Revolving Loan Fund according to their individual repayment schedules. During 2004/2005 the District disbursed program income of \$300,000 to six qualifying business.

There have been a total of seven loans, totaling \$205,057, deemed uncollectible and written off since inception. During the current year one loan was written off in the amount of \$9,466.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 4 - REVOLVING LOAN FUND (CONTINUED)

The following is a schedule of cash receipts and disbursements for the year.

Cash Balance - Beginning of Year		178,761
Receipts:		
Interest Earned on Contracts	48,640	
Principal Payments on Notes	183,029	
Loan Fees and Charges	5,325	
Loan Proceeds from State of Utah	40,000	
Bank Interest	<u>2,797</u>	
Total Receipts		279,791
Disbursements:		
New Loans:		
Autumn Park Assisted Living	10,000	
K & C Minimarts, Inc.	20,000	
Mountain Mill & Doors, Inc.	10,000	
Red Rock Specialty Cheese	150,000	
Rockwood Stage & Music	10,000	
Taurus Salt, Inc.	<u>100,000</u>	
Total Loans	<u>300,000</u>	
Other Disbursements:		
Personnel	33,010	
Fringe Benefits	18,062	
Travel	4,474	
Supplies	188	
Utilities	404	
Rent	401	
AOG Fiscal Services	1,594	
Insurance	225	
Repairs and Services	1,309	
Other	<u>1,816</u>	
Total Other Disbursements	<u>61,483</u>	
Total Disbursements		<u>361,483</u>
Cash Balance - End of Year		<u><u>97,069</u></u>

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 4 - REVOLVING LOAN FUND (CONTINUED)

The following is a statement of changes in Notes Receivable:

<u>Loan Balance</u> <u>June 30, 2004</u>	<u>Write-Offs</u>	<u>Additional</u> <u>Loans</u>	<u>Principal Payments</u> <u>On Loans</u>	<u>Loan Balance</u> <u>June 30, 2005</u>
934,999	(9,466)	300,000	(183,029)	1,042,503

The notes receivable at June 30, 2005, are as follows:

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Autumn Park Assisted Living	5,000	5,000	10,000
High Top Academy	5,000	118,782	123,782
Ideal Dairy	6,000	53,757	59,757
K & C Minimarts, Inc.	6,000	124,127	130,127
Majestic Trucking	3,000	20,119	23,119
Michelson's Cafe	7,000	2,468	9,468
Moore's Old Pine Inn	7,000	19,528	26,528
North Valley Vet Clinic	11,170	-	11,170
Red Rock Cheese	5,000	144,444	149,444
Reigning Irrigation	18,000	10,489	28,489
Reigning Irrigation	16,000	35,831	51,831
Rocky Mountain West Telephone	32,000	33,406	65,406
Sevier Smart Site, LLC	1,000	32,625	33,625
Sunglow Cafe	4,000	3,438	7,438
Taurus Salt, Inc.	24,000	114,257	138,257
Tugs One Stop	5,000	51,679	56,679
Wasatch Technology	12,000	53,079	65,079
Certified Shred	1,000	4,794	5,794
Fry Gods, Inc.	2,000	5,403	7,403
Heritage Wood Shop	500	9,105	9,605
Innovative Trailer	2,000	2,816	4,816
Mountain Mill & Doors	2,000	7,883	9,883
Red Hills Trucking & Repair	2,000	2,822	4,822
Rockwood Stage	2,000	7,981	9,981
Total	<u>178,670</u>	<u>863,833</u>	<u>1,042,503</u>

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Being Depreciated:				
Equipment	39,285	-	-	39,285
Vehicles	<u>122,450</u>	<u>18,981</u>	<u>-</u>	<u>141,431</u>
 Total Capital Assets Being Depreciated	 <u>161,735</u>	 <u>18,981</u>	 <u>-</u>	 <u>180,716</u>
Less Accumulated Depreciation For:				
Equipment	14,157	7,857	-	22,014
Vehicles	<u>50,443</u>	<u>28,286</u>	<u>-</u>	<u>78,729</u>
 Total Accumulated Depreciation	 <u>64,600</u>	 <u>36,143</u>	 <u>-</u>	 <u>100,743</u>
 Governmental Activities Capital Assets, Net	 <u>97,135</u>	 <u>(17,162)</u>	 <u>-</u>	 <u>79,973</u>

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable of \$626,261 consists of monies owed to various vendors and agencies at June 30, 2005, and paid in subsequent periods.

NOTE 7 - LONG-TERM DEBT

Compensated Absences:

Compensated absences of the Six County Association of Governments represent accrued vacation pay at June 30, 2005, in the amount of \$77,437.

The Association has established an account to accumulate monies to fund this liability if payment had to be made to employees as a result of the Association discontinuing operations. The balance of the fund at June 30, 2005, was \$69,034.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a statement of changes in Long-Term Debt for the year ending June 30, 2005:

	Balance <u>June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2005</u>
Compensated Absences	<u>81,241</u>	<u>-</u>	<u>3,804</u>	<u>77,437</u>

NOTE 8 - STATE OF UTAH RETIREMENT PLANS

Local Governmental - Cost Sharing:

Plan Description:

The Six County Association of Governments contributes to the Local Governmental Noncontributory Retirement System, which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The System provides retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The System is established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the System, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The System issued a publicly available financial report that included financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

Six County Association of Governments' is required to contribute a percent of covered salary to the respective systems, 11.09% to the Noncontributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The Six County Association of Governments contributions to the various systems for the years ending June 30, 2005, 2004 and 2003 respectively were; for the Noncontributory Retirement System, \$339,534.03, \$288,853.79, and \$255,019.10 respectively. The contributions were equal to the required contributions for each year.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 9 - COST ALLOCATION PLAN

The Association has a Cost Allocation Plan/Indirect Cost Rate which has been approved by its Federal Cognizant Agency, the Department of Health and Human Services. The plan was approved on February 3, 1989, and the Association is not required to submit the cost Allocation Plan or the Departmental Indirect Cost proposals for prior Federal approval unless specifically requested to do so by the cognizant Federal agency. The plan was reviewed by the Department of Health and Human Services as of July, 15, 1999, and was approved as written.

NOTE 10 - RISK MANAGEMENT

The Six County Association of Governments is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries and disasters. The Association is insured through the Utah Local Governments Trust for general liability coverage. The limits of coverage is \$2,000,000 combined single limit per occurrence with \$1,000 deductible for each occurrence.

The Trust also covers automobile liability in the amount of \$2,000,000 combined single limit per accident with a \$1,000 deductible per each accident. Uninsured motorist coverage is \$50,000 limit each accident and \$50,000 aggregate each policy. Underinsured motorist is \$50,000 limit each accident.

The Association is also covered for replacement cost of buildings and equipment through the Local Governments Trust.

Property and equipment coverage is for replacement cost with a \$1,000 deductible.

Workers Compensation coverage is also with the Utah Local Governments Trust.

Claims have not exceeded coverage in any of the last three calendar years.

NOTE 11 - FEDERAL FINANCIAL ASSISTANCE

The following is a reconciliation of Federal revenues per the report to the Schedule of Federal Awards Expended:

Federal Revenues Per Report	2,253,852
Plus:	
Revolving Loan Fund Pass Through Federal Grant	280,000
Less:	
FEMA Pass Thru from Human Services to Aging	(18,505)
SSBG Pass Thru from Human Services to Aging	<u>(33,927)</u>
Federal Expenditures Per Schedule of Federal Awards Expended	<u><u>2,481,420</u></u>

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, 2004	623,491	623,491	623,491	-
Resources (Inflows):				
Federal Grants	2,104,543	2,283,052	2,253,852	(29,200)
Contracts With State Agencies	1,098,150	840,778	821,786	(18,992)
Counties Contributions	276,747	274,812	290,754	15,942
Contractual	94,000	94,000	106,472	12,472
Fees and Charges	118,175	237,084	294,063	56,979
Interest	15,000	11,700	11,866	166
Other	36,534	72,016	99,884	27,868
Administrative Charges	171,744	186,425	171,689	(14,736)
Use of Fund Balance	82,365	256,118	-	(256,118)
Total Resources (Inflows)	3,997,258	4,255,985	4,050,366	(205,619)
Amounts Available for Appropriation	4,620,749	4,879,476	4,673,857	(205,619)
Charges to Appropriations (Outflows):				
Salaries and Wages	1,256,791	1,279,768	1,217,819	61,949
Fringe Benefits	581,078	603,308	564,139	39,169
Travel	194,687	207,416	171,428	35,988
Supplies	108,119	83,443	73,669	9,774
Rent	30,725	25,473	24,424	1,049
Utilities	24,525	21,330	21,943	(613)
Equipment	44,715	42,834	24,372	18,462
Contractual	431,541	650,971	664,455	(13,484)
Insurance	25,813	25,523	34,885	(9,362)
Other	208,646	125,476	183,967	(58,491)
Administrative Charges	98,611	99,061	97,278	1,783
Food and Other	337,418	348,124	273,054	75,070
Materials and Supplies	57,808	56,918	185,529	(128,611)
Pass-Thru Monies to Counties	344,217	388,913	338,828	50,085
Volunteer and Other Services	252,564	297,427	219,381	78,046
Total Charges to Appropriations	3,997,258	4,255,985	4,095,171	160,814
Budgetary Fund Balance - June 30, 2005	623,491	623,491	578,686	(44,805)

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTE A
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION**

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>
Sources/Inflows and Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	4,673,857
Differences - Budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(623,491)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>4,050,366</u></u>
Uses/Outflows of Resources:	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	4,095,171
Differences - Budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting pruposes.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>4,095,171</u></u>

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is used to assist in formatting, for easier reading)

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

SIX COUNTY ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND BY DEPARTMENT

For the Fiscal Year Ended June 30, 2005

	Totals Memorandum					
	Only	Administration	Aging	Economic Development	Community Assistance	Housing and Weatherization
REVENUES						
Federal Grants	2,253,852	-	542,649	740,623	405,204	565,376
Contracts With State Agencies	821,786	55,000	515,489	101,284	-	150,013
Counties Contributions	290,754	47,345	214,196	13,782	15,431	-
Contractual	106,472	106,472	-	-	-	-
Fees and Charges	294,063	32,364	261,699	-	-	-
Interest	11,866	11,866	-	-	-	-
Other	99,884	7,566	-	48,809	1,275	42,234
Administrative Charges	171,689	171,689	-	-	-	-
TOTAL REVENUES	4,050,366	432,302	1,534,033	904,498	421,910	757,623
EXPENDITURES						
Salaries and Wages	1,217,819	144,932	624,981	140,485	116,124	191,297
Fringe Benefits	564,139	75,247	215,204	75,482	66,520	131,686
Travel	171,428	33,140	71,847	24,147	15,656	26,638
Supplies	73,669	25,927	20,854	8,897	9,817	8,174
Rent	24,424	5,420	7,006	1,096	6,545	4,357
Utilities	21,943	1,635	5,135	2,848	7,105	5,220
Equipment	24,372	20,510	2,266	1,596	-	-
Contractual	664,455	17,000	185,727	346,769	18,505	96,454
Insurance	34,885	21,554	6,159	675	717	5,780
Other	183,967	112,297	20,572	4,586	1,481	45,031
Administrative Charges	97,278	5,009	40,412	23,282	10,555	18,020
Food and Other	273,054	-	256,054	-	17,000	-
Materials and Supplies	185,529	-	-	-	-	185,529
Pass-Thru Monies to Counties	338,828	-	23,697	281,834	33,297	-
Volunteer and Other Services	219,381	-	80,543	-	138,838	-
TOTAL EXPENDITURES	4,095,171	462,671	1,560,457	911,697	442,160	718,186
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(44,805)	(30,369)	(26,424)	(7,199)	(20,250)	39,437
FUND BALANCE - BEGINNING OF YEAR	623,491	342,013	130,121	102,766	26,027	22,564
FUND BALANCE - END OF YEAR	578,686	311,644	103,697	95,567	5,777	62,001

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ADMINISTRATION**

For the Fiscal Year Ended June 30, 2005

	<u>Total</u>	<u>Admin-Exec</u>	<u>Admin-Serv</u>	<u>Finance</u>	<u>Car Pool</u>	<u>WIA Mtnlands</u>
REVENUES						
Contracts With State Agencies	55,000	55,000	-	-	-	-
Counties Contributions	47,345	-	47,345	-	-	-
Collections	2,129	-	2,129	-	-	-
Contractual	106,472	-	-	-	-	106,472
Car Pool Revenue	30,235	-	-	-	30,235	-
Other	7,566	-	-	7,566	-	-
Indirect	171,689	-	33,481	138,208	-	-
Interest	11,866	-	-	11,053	-	813
TOTAL REVENUES	<u>432,302</u>	<u>55,000</u>	<u>82,955</u>	<u>156,827</u>	<u>30,235</u>	<u>107,285</u>
EXPENDITURES						
Salaries and Wages	144,932	27,802	36,523	80,607	-	-
Fringe Benefits	75,247	17,713	18,170	38,694	-	670
Travel	33,140	1,288	20,887	4,612	6,353	-
Supplies	25,927	2,596	8,047	15,284	-	-
Rent	5,420	-	3,420	2,000	-	-
Utilities	1,635	491	481	663	-	-
Equipment	20,510	-	660	2,740	17,110	-
Contractual	17,000	5,000	-	12,000	-	-
Insurance	21,554	-	6,838	3,331	11,385	-
Other	112,297	110	1,080	9,501	-	101,606
Administrative Charges	5,009	-	-	-	-	5,009
TOTAL EXPENDITURES	<u>462,671</u>	<u>55,000</u>	<u>96,106</u>	<u>169,432</u>	<u>34,848</u>	<u>107,285</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(30,369)	-	(13,151)	(12,605)	(4,613)	-
FUND BALANCE - BEGINNING OF YEAR	<u>342,013</u>	<u>-</u>	<u>307,088</u>	<u>20,624</u>	<u>14,301</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>311,644</u>	<u>-</u>	<u>293,937</u>	<u>8,019</u>	<u>9,688</u>	<u>-</u>

SIX COUNTY ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
AGING

For The Fiscal Year Ended June 30, 2005

REVENUES	Total	Aging	Alternative	Medicaid Waiver	Nutrition	Ombudsman	RSVP	Caregiver
Federal Grants	542,649	116,471	-	16,517	270,180	3,511	106,833	29,137
Contracts With State Agencies	515,489	93,144	243,771	16,517	127,285	8,466	5,000	21,306
Counties' Contributions	214,196	63,602	-	-	148,075	-	2,519	-
Collections	261,699	1,460	6,064	52,820	187,603	-	13,752	-
TOTAL REVENUES	1,534,033	274,677	249,835	85,854	733,143	11,977	128,104	50,443
EXPENDITURES								
Salaries and Wages	624,981	105,774	52,925	38,818	351,785	5,274	55,773	14,632
Fringe Benefits	215,204	38,783	32,360	20,853	76,886	3,717	32,718	9,887
Travel	71,847	9,264	4,995	6,047	41,557	1,395	6,488	2,101
Supplies	20,854	4,660	2,298	1,668	2,630	433	8,216	949
Rent	7,006	1,613	400	628	672	400	2,744	549
Utilities	5,135	881	568	879	395	165	1,644	603
Equipment	2,266	1,777	-	-	489	-	-	-
Contractual	185,727	5,093	155,974	3,518	-	-	-	21,142
Insurance	6,159	3,525	839	100	-	49	1,399	247
Other	20,572	19,192	-	383	628	234	135	-
Administrative Charges	40,412	27,628	5,799	2,101	-	310	3,021	1,553
Food and Other	256,054	-	-	6,245	249,809	-	-	-
Pass-Thru Monies to Counties	23,697	23,041	-	-	-	-	656	-
Services	80,543	43,100	-	-	32,961	-	3,702	780
TOTAL EXPENDITURES	1,560,457	284,331	256,158	81,240	757,812	11,977	116,496	52,443
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	(26,424)	(9,654)	(6,323)	4,614	(24,669)	-	11,608	(2,000)
FUND BALANCE - BEGINNING OF YEAR	130,121	25,963	6,323	272	67,182	-	17,459	12,922
FUND BALANCE - END OF YEAR	103,697	16,309	-	4,886	42,513	-	29,067	10,922

SIX COUNTY ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ECONOMIC DEVELOPMENT

For the Fiscal Year Ended June 30, 2005

	<u>Total</u>	<u>Economic Development</u>	<u>CDBG</u>	<u>Procurement</u>	<u>Railroad</u>	<u>Planning</u>	<u>Disaster Mitigation</u>
REVENUES							
Federal Grants	740,623	51,000	361,965	42,000	278,158	-	7,500
State Grants	101,284	-	-	-	37,784	61,000	2,500
Counties' Contributions	13,782	13,782	-	-	-	-	-
Other	48,809	8,820	-	-	37,784	2,080	125
TOTAL REVENUES	<u>904,498</u>	<u>73,602</u>	<u>361,965</u>	<u>42,000</u>	<u>353,726</u>	<u>63,080</u>	<u>10,125</u>
EXPENDITURES							
Salaries and Wages	140,485	37,442	30,002	34,690	-	33,979	4,372
Fringe Benefits	75,482	19,417	17,432	15,294	-	21,091	2,248
Travel	24,147	11,528	3,334	5,381	203	1,826	1,875
Supplies and Printing	8,897	3,782	2,175	683	359	1,257	641
Rent	1,096	-	404	692	-	-	-
Utilities	2,848	483	448	423	835	494	165
Equipment	1,596	-	-	-	1,596	-	-
Contractual	346,769	-	-	-	341,769	5,000	-
Insurance	675	225	225	225	-	-	-
Other	4,586	2,863	225	830	-	109	559
Administrative Charges	23,282	1,904	8,901	1,552	8,964	1,701	260
County Programs	281,834	-	281,834	-	-	-	-
TOTAL EXPENDITURES	<u>911,697</u>	<u>77,644</u>	<u>344,980</u>	<u>59,770</u>	<u>353,726</u>	<u>65,457</u>	<u>10,120</u>
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	(7,199)	(4,042)	16,985	(17,770)	-	(2,377)	5
FUND BALANCE - BEGINNING OF YEAR	<u>102,766</u>	<u>17,950</u>	<u>53,843</u>	<u>26,588</u>	<u>2,008</u>	<u>2,377</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>95,567</u>	<u>13,908</u>	<u>70,828</u>	<u>8,818</u>	<u>2,008</u>	<u>-</u>	<u>5</u>

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMMUNITY ASSISTANCE**

For The Fiscal Year Ended June 30, 2005

	<u>Total</u>	<u>FEMA</u>	<u>CSBG</u>	<u>SSBG Resources</u>	<u>HEAT Assistance</u>	<u>Homeless Prevention</u>
REVENUES						
Federal Grants	405,204	14,847	117,561	61,658	191,888	19,250
Counties' Contributions	15,431	-	-	15,431	-	-
Other	<u>1,275</u>	<u>-</u>	<u>215</u>	<u>-</u>	<u>1,060</u>	<u>-</u>
TOTAL REVENUES	<u>421,910</u>	<u>14,847</u>	<u>117,776</u>	<u>77,089</u>	<u>192,948</u>	<u>19,250</u>
EXPENDITURES						
Salaries and Wages	116,124	-	32,420	19,464	64,240	-
Fringe Benefits	66,520	-	23,151	8,695	34,674	-
Travel	15,656	-	2,181	687	12,788	-
Supplies and Printing	9,817	14	2,750	333	6,720	-
Rent	6,545	-	1,996	-	4,549	-
Utilities	7,105	-	1,799	-	5,306	-
Contractual	18,505	18,505	-	-	-	-
Insurance	717	-	210	297	210	-
Other	1,481	-	128	-	1,353	-
Administrative Charges	10,555	200	3,393	2,068	4,894	-
Pass-Thru Monies	33,297	-	-	33,297	-	-
Services	138,838	-	45,619	14,794	59,175	19,250
Food and Other	<u>17,000</u>	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>442,160</u>	<u>18,719</u>	<u>130,647</u>	<u>79,635</u>	<u>193,909</u>	<u>19,250</u>
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	(20,250)	(3,872)	(12,871)	(2,546)	(961)	-
FUND BALANCE - BEGINNING OF YEAR	<u>26,027</u>	<u>3,872</u>	<u>14,425</u>	<u>6,569</u>	<u>1,161</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>5,777</u></u>	<u><u>-</u></u>	<u><u>1,554</u></u>	<u><u>4,023</u></u>	<u><u>200</u></u>	<u><u>-</u></u>

SIX COUNTY ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HOUSING AND WEATHERIZATION

For The Fiscal Year Ended June 30, 2005

	Total	HOME	LIHEAP	DOE	Rural Develop Downpmt	Down Payment Assist	PVE Oil Over- Charge	Questar	Crown Homes LLC's	Sanpete Self-Help	UP&L	Sevier Self-Help	Home Projects	Lead Based Paint	Critical Needs
REVENUES															
Federal Grants	565,376	22,137	211,830	146,422	-	15,000	-	-	-	-	-	153,750	858	15,379	-
Contracts - State Agencies	150,013	-	-	-	-	24,963	514	-	-	-	-	-	104,536	-	20,000
Other	42,234	1,701	-	1,548	5,276	15	-	9,036	12,408	2,500	9,504	236	10	-	-
TOTAL REVENUES	757,623	23,838	211,830	147,970	5,276	39,978	514	9,036	12,408	2,500	9,504	153,986	105,404	15,379	20,000
EXPENDITURES															
Salaries and Wages	191,297	6,941	68,922	51,154	-	924	-	2,543	4,463	-	1,268	55,082	-	-	-
Fringe Benefits	131,686	4,194	49,293	33,633	-	905	-	1,007	2,261	-	706	39,687	-	-	-
Travel	26,638	3,513	2,716	14,612	-	36	501	-	276	-	-	4,984	-	-	-
Supplies and Printing	8,174	887	1,291	1,955	-	536	-	83	113	-	-	2,973	-	105	231
Rent	4,357	153	433	598	-	-	-	-	-	-	-	3,173	-	-	-
Utilities	5,220	315	772	912	-	-	-	-	32	-	-	3,189	-	-	-
Contractual	96,454	-	42,047	2,380	-	-	-	4,951	-	-	-	25	19,302	8,500	19,249
Insurance	5,780	296	-	4,096	-	125	-	-	141	-	-	1,122	-	-	-
Other	45,031	2,609	31	2,941	-	36,280	-	-	482	2,500	-	188	-	-	-
Administrative Charges	18,020	3,290	5,516	3,717	-	1,172	13	234	181	-	247	2,906	-	224	520
Materials and Supplies	185,529	-	40,809	31,904	5,276	-	-	218	-	-	7,283	13,947	86,092	-	-
TOTAL EXPENDITURES	718,186	22,198	211,830	147,902	5,276	39,978	514	9,036	7,949	2,500	9,504	127,276	105,394	8,829	20,000
EXCESS REVENUES OVER (UNDER) EXPENDITURES	39,437	1,640	-	68	-	-	-	-	4,459	-	-	26,710	10	6,550	-
FUND BALANCE - BEGINNING OF YEAR	22,564	-	-	-	-	-	-	-	33	-	-	22,531	-	-	-
FUND BALANCE - END OF YEAR	62,001	1,640	-	68	-	-	-	-	4,492	-	-	49,241	10	6,550	-

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
ADMINISTRATION**

For The Fiscal Year Ended June 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State Grants	108,000	55,000	(53,000)
Counties' Contributions	47,345	47,345	-
Contractual	-	106,472	106,472
Interest	11,700	11,866	166
Collections	43,500	32,364	(11,136)
Other	2,200	7,566	5,366
Administrative Charges to Departments	162,360	171,689	9,329
Fund Balance	<u>36,774</u>	<u>-</u>	<u>(36,774)</u>
TOTAL REVENUES	<u>411,879</u>	<u>432,302</u>	<u>20,423</u>
EXPENDITURES			
Salaries and Wages	120,824	144,932	(24,108)
Fringe Benefits	62,151	75,247	(13,096)
Travel	39,782	33,140	6,642
Supplies	21,288	25,927	(4,639)
Rent	5,420	5,420	-
Utilities	1,200	1,635	(435)
Equipment	32,241	20,510	11,731
Contractual	-	17,000	(17,000)
Insurance	18,700	21,554	(2,854)
Other	105,273	112,297	(7,024)
Administrative Charges	<u>5,000</u>	<u>5,009</u>	<u>(9)</u>
TOTAL EXPENDITURES	<u>411,879</u>	<u>462,671</u>	<u>(50,792)</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(30,369)</u>	<u>(30,369)</u>
FUND BALANCE - BEGINNING OF YEAR		<u>342,013</u>	
FUND BALANCE - END OF YEAR		<u>311,644</u>	

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
AGING**

For The Fiscal Year Ended June 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Federal Grants	412,694	542,649	129,955
Contracts With State Agencies	658,993	515,489	(143,504)
Counties Contributions	201,600	214,196	12,596
Fees and Charges	267,221	261,699	(5,522)
Fund Balance	<u>90,394</u>	<u>-</u>	<u>(90,394)</u>
TOTAL REVENUES	<u>1,630,902</u>	<u>1,534,033</u>	<u>(96,869)</u>
EXPENDITURES			
Salaries and Wages	662,625	624,981	37,644
Fringe Benefits	248,901	215,204	33,697
Travel	76,854	71,847	5,007
Supplies	22,813	20,854	1,959
Rent	6,381	7,006	(625)
Utilities	6,685	5,135	1,550
Equipment	3,000	2,266	734
Contractual	189,872	185,727	4,145
Insurance	2,148	6,159	(4,011)
Other	4,065	20,572	(16,507)
Administrative Charges	39,725	40,412	(687)
Food and Other	287,078	256,054	31,024
Pass-Thru Monies	23,041	23,697	(656)
Services	<u>57,714</u>	<u>80,543</u>	<u>(22,829)</u>
TOTAL EXPENDITURES	<u>1,630,902</u>	<u>1,560,457</u>	<u>70,445</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(26,424)</u>	<u>(26,424)</u>
FUND BALANCE - BEGINNING OF YEAR		<u>130,121</u>	
FUND BALANCE - END OF YEAR		<u>103,697</u>	

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT**

For The Fiscal Year Ended June 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Federal Grants	730,525	740,623	10,098
State Contracts	98,785	101,284	2,499
Counties' Contributions	10,717	13,782	3,065
Other	48,604	48,809	205
Fund Balance	<u>102,767</u>	<u>-</u>	<u>(102,767)</u>
TOTAL REVENUES	<u>991,398</u>	<u>904,498</u>	<u>(86,900)</u>
EXPENDITURES			
Salaries and Wages	172,604	140,485	32,119
Fringe Benefits	94,110	75,482	18,628
Travel	37,887	24,147	13,740
Supplies and Printing	15,843	8,897	6,946
Rent	2,414	1,096	1,318
Utilities	3,321	2,848	473
Equipment	-	1,596	(1,596)
Contractual	340,180	346,769	(6,589)
Insurance	600	675	(75)
Other	11,177	4,586	6,591
Training Costs	1,265	-	1,265
Administrative Charges	24,118	23,282	836
Pass-Thru Monies	<u>287,879</u>	<u>281,834</u>	<u>6,045</u>
TOTAL EXPENDITURES	<u>991,398</u>	<u>911,697</u>	<u>79,701</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(7,199)</u>	<u>(7,199)</u>
FUND BALANCE - BEGINNING OF YEAR		<u>102,766</u>	
FUND BALANCE - END OF YEAR		<u>95,567</u>	

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY ASSISTANCE**

For The Fiscal Year Ended June 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Federal Grants	436,840	405,204	(31,636)
State Grants	25,000	-	(25,000)
Counties' Contributions	15,150	15,431	281
Other	7,631	1,275	(6,356)
Fund Balance	<u>26,183</u>	<u>-</u>	<u>(26,183)</u>
TOTAL REVENUES	<u>510,804</u>	<u>421,910</u>	<u>(88,894)</u>
EXPENDITURES			
Salaries and Wages	125,295	116,124	9,171
Fringe Benefits	70,902	66,520	4,382
Travel	15,803	15,656	147
Supplies	12,901	9,817	3,084
Rent	6,775	6,545	230
Utilities	6,043	7,105	(1,062)
Equipment	1,351	-	1,351
Contractual	19,106	18,505	601
Insurance	-	717	(717)
Other	20	1,481	(1,461)
Administrative Charges	10,600	10,555	45
Pass-Thru Monies	76,993	33,297	43,696
Services	147,015	138,838	8,177
Food and Other	<u>18,000</u>	<u>17,000</u>	<u>1,000</u>
TOTAL EXPENDITURES	<u>510,804</u>	<u>442,160</u>	<u>68,644</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(20,250)</u>	<u>(20,250)</u>
FUND BALANCE - BEGINNING OF YEAR		<u>26,027</u>	
FUND BALANCE - END OF YEAR		<u>5,777</u>	

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
HOUSING AND WEATHERIZATION**

For The Fiscal Year Ended June 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Federal Grants	594,993	565,376	(29,617)
Contracts With State Agencies	58,000	150,013	92,013
Collections	12,732	-	(12,732)
Other	<u>45,277</u>	<u>42,234</u>	<u>(3,043)</u>
TOTAL REVENUES	<u>711,002</u>	<u>757,623</u>	<u>46,621</u>
EXPENDITURES			
Salaries and Wages	198,420	191,297	7,123
Fringe Benefits	127,244	131,686	(4,442)
Travel	37,090	26,638	10,452
Supplies	10,598	8,174	2,424
Rent	4,483	4,357	126
Utilities	4,081	5,220	(1,139)
Equipment	6,242	-	6,242
Contractual	101,813	96,454	5,359
Insurance	4,075	5,780	(1,705)
Other	4,941	45,031	(40,090)
Administrative Charges	19,618	18,020	1,598
Food and Other	43,046	-	43,046
Pass Thru To Counties	1,000	-	1,000
Materials and Supplies	56,918	185,529	(128,611)
Volunteer and Other Services	<u>91,433</u>	<u>-</u>	<u>91,433</u>
TOTAL EXPENDITURES	<u>711,002</u>	<u>718,186</u>	<u>(7,184)</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>39,437</u>	<u>39,437</u>
FUND BALANCE - BEGINNING OF YEAR		<u>22,564</u>	
FUND BALANCE - END OF YEAR		<u>62,001</u>	

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Executive Committee
Six County Association of Governments
Richfield, Utah 84701

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Six County Association of Governments as and for the year ended June 30, 2005, which collectively comprise Six County Association of Governments' basic financial statements and have issued our report thereon dated November 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Six County Association of Governments' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether Six County Association of Governments' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Six County Association of Governments in a separate letter dated November 21, 2005.

Executive Committee
Six County Association of Governments
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This report is intended solely for the information and use of the audit committee, management, executive committee and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 21, 2005
Richfield, Utah

Kimball & Roberts

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Executive Committee
Six County Association of Governments
Richfield, Utah 84701

Compliance

We have audited the compliance of Six County Association of Governments with the types of compliance requirements described in the *U. S. Office of Management of and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Six County Association of Governments' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Six County Association of Governments' management. Our responsibility is to express an opinion on Six County Association of Governments' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Six County Association of Governments' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Six County Association of Governments' compliance with those requirements.


In our opinion, Six County Association of Governments complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Six County Association of Governments is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Six County Association of Governments' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 21, 2005
Richfield, Utah

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Fiscal Year Ended June 30, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the comprehensive annual financial statements of Six County Association of Governments.
2. No reportable conditions relating to the audit of the financial statements are reported in the Auditor's report on Internal Control and Compliance With Laws and Regulations.
3. No instances of noncompliance material to the financial statements of Six County Association of Governments were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Six County Association of Governments expresses an unqualified opinion.
6. There were no findings relative to the major federal award programs for Six County Association of Governments.
7. The programs tested as major programs include: Special Programs for the Aging - Title III, Part C - Nutrition Services, CFDA's 93.044 and 93.045; Aging Cluster and Low-Income Home Energy Assistance, CFDA 93.568.
8. The threshold for distinguishing Type A programs is \$300,000 of federal awards expended.
9. Six County Association of Governments was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2005

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Amount of Expenditures</u>
Direct Assistance:			
Department of Agriculture:			
Rural Self-Help Housing Technical Assistance	10.420	N/A	153,750
Business and Industry Loans	10.768	N/A	<u>23,000</u>
Total Department of Agriculture			<u>176,750</u>
Department of Commerce:			
Economic Development Administration			
Support for Multi-County Districts	11.302	05-83-04139	25,500
	11.302	05-83-03998	25,500
~Revolving Loan Fund	11.307	N/A	<u>91,190</u>
Total Department of Commerce			<u>142,190</u>
Department of Housing and Urban Development:			
Community Development Block Grant	14.228	N/A	<u>165,810</u>
Total Department of Housing and Urban Development			<u>165,810</u>
Department of Transportation:			
Railroad Administration	20.313	N/A	<u>278,158</u>
Total Department of Transportation			<u>278,158</u>

~ See footnote 4 for details regarding Revolving Loan Fund activity during the year.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2005

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Amount of Expenditures</u>
Direct Assistance (Continued):			
Federal Emergency Management Agency:			
State and Local Programs and Support - Federal Emergency Management Food and Shelter Program	83.523	22-8518-00	4,000
	83.523	23-8518-00	<u>10,847</u>
Total Federal Emergency Management Agency			<u>14,847</u>
Corporation for National and Community Service:			
Retired Seniors Volunteer Program	94.002	N/A	<u>106,833</u>
Total Corporation for National and Community Service			<u>106,833</u>
Total Direct Assistance			<u>884,588</u>
Indirect Assistance:			
Department of Agriculture:			
State Department of Human Services:			
Federal Food Program (Cash in Lieu of Commodities for Aging)	10.550	04-2247	<u>69,805</u>
Total Department of Agriculture			<u>69,805</u>
Federal Emergency Management Agency:			
Division of Emergency Services:			
Disaster Mitigation	83.557	04-0964	<u>7,500</u>
Total Federal Emergency Management Agency			<u>7,500</u>

Continued

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2005

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Amount of Expenditures</u>
Indirect Assistance (Continued):			
Department of Health and Human Services:			
State Department of Human Services:			
Medical Assistance Program	93.778	04-2247	16,517
Aging Ombudsman Title VII	93.042	04-2247	3,511
Aging Title IIIB	93.044	04-2247	84,334
Aging Title III C-Nutrition	93.045	04-2247	164,394
Preventive Health Title IIID	93.046	04-2247	5,680
Caregiver Title IIIE	93.052	04-2247	33,143
Social Services Block Grant	93.667	04-2249	61,658
Aging - Counseling	93.779	04-2247	<u>6,000</u>
Total State Department of Human Services			<u>375,237</u>
State Department of Community and Economic Development:			
Temporary Assistance for Needy Families	93.558		15,000
Low Income Housing Energy Assistance Program	93.568	05-1666	67,253
	93.568	04-1243	191,888
	93.568	04-1796	91,698
	93.568	10-1337	52,879
Community Service Block Grant	93.569	04-1440	94,228
	93.569	05-1505	<u>23,333</u>
Total State Department of Community and Economic Development			<u>536,279</u>
Total Department of Health and Human Services			<u>911,516</u>

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2005

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Amount of Expenditures</u>
Indirect Assistance (Continued):			
Department of Energy:			
State Department of Community and Economic Development:			
Weatherization Assistance for Low-Income Persons	81.042	05-0705	<u>146,422</u>
Total Department of Energy			<u>146,422</u>
Department of Defense:			
State Department of Community and Economic Development:			
Procurement Technical Assistance for Business Firms	12.002	04-1525	<u>42,000</u>
Total Department of Defense			<u>42,000</u>
Department of Housing and Urban Development:			
State Department of Community and Economic Development:			
Community Development Block Grant	14.228	03-0592	361,965
	14.228	04-0992	15,379
Emergency Shelter Grant Program	14.231	04-0357	19,250
HOME Investment Partnership Program	14.239	05-1345	22,137
	14.239	05-2312	<u>858</u>
Total Department of Housing and Urban Development			<u>419,589</u>
Total Indirect Assistance			<u>1,596,832</u>
Total Federal Assistance			<u><u>2,481,420</u></u>

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2005

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

General:

The accompanying Schedule of Federal Awards Expended presents the activity of all federal financial assistance programs of Six County Association of Governments. The reporting entity, Six County Association of Governments, is defined in Note 1 to Six County Association of Governments' basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule of Federal Awards Expended.

Basis of Accounting:

The accompanying Schedule of Federal Awards Expended is presented using the modified accrual basis of accounting for assistance received by governmental fund types, which is described in Note 1 to Six County Association of Governments' basic financial statements.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF PRIOR AUDIT FINDINGS**

For The Fiscal Year Ended June 30, 2005

There are no prior audit findings.

Kimball & Roberts

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AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Executive Committee
Six County Association of Governments
Richfield, Utah 84701

We have audited the basic financial statements of the Six County Association of Governments, for the fiscal year ended June 30, 2005, and have issued our report thereon dated November 21, 2005. As part of our audit, we have audited the Six County Association of Governments' compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the fiscal year ended June 30, 2005. The Association received the following major State assistance programs from the State of Utah:

Utah Division of Aging and Adult Services (Alternative, Aging, Nutrition, Caregiver and Ombudsman)
Department of Community and Economic Development (Planning Assistance, Rural Development, Down Payment Assistance, HOME and Community Impact Board)

Our audit also included testwork on the Association's compliance with those general compliance requirements identified in the State of Utah Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Property Tax
Other Compliance Requirements


The management of the Six County Association of Governments is responsible for the Association's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Associations' compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Executive Committee
Six County Association of Governments
Page -2-

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, the Six County Association of Governments, complied, in all material respects, with the general compliance requirements identified above for the fiscal year ended June 30, 2005.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 21, 2005
Richfield, Utah

SIX COUNTY ASSOCIATION OF GOVERNMENTS

MANAGEMENT LETTER

JUNE 30, 2005

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

FINDINGS AND RECOMMENDATIONS

Executive Committee
Six County Association of Governments
Richfield, Utah 84701

During our audit of the funds of the Six County Association of Governments for the fiscal year ended June 30, 2005, we noted a certain circumstance that, if improved, would strengthen the Associations' accounting system and control over its assets. This item is discussed below for your consideration.

INTERNAL CONTROLS:

Inventory Controls

Finding:

During our tests of the internal controls over inventory used in the weatherization program we performed the following:

1. We obtained four client files where inventory from the warehouse had been used.
2. We went to the warehouse and obtained the perpetual inventory spreadsheet that shows the items taken from inventory and used for each client.
3. We traced the inventory shown used on the client's projects and compared to the perpetual inventory spreadsheet.

Two of the four files tested had items used on their projects shown in the client file but not listed as used on the perpetual inventory spreadsheet. The items not listed were a water heater insulation blanket, caulking and a lock set.

Recommendation:

We recommend that the perpetual inventory spreadsheet be kept up to date showing all items pulled to be used on a client's project. The spreadsheet should be updated as items are pulled. From time to time someone independent of inventory tracking should compare client files to inventory pulled and used on the client's project.

Management Response:

After discovering that some of the items used had not been recorded on the inventory spreadsheet, we went back to the client files worked on since our last State monitoring visit and compared the client materials worksheet to the inventory spreadsheet and made any corrections needed. Following this we performed a physical inventory of all the items used that we normally inventory giving us a good starting point for our new system.

Immediately following the audit of the inventory at the warehouse we implemented new procedures for tracking inventory pulled and used on client projects. Our new spreadsheet follows the same sequence as the materials worksheet in the client's file. Monitoring will be done several times a year to insure that the materials are being recorded on the spreadsheet by the name of the client where the inventory item was used.

We believe this will correct the recording problems.

We would like to take this opportunity to thank Six County Association of Governments' personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 21, 2005
Richfield, Utah